

HISTORY OF NEVADA

(A-11)

SAM P. DAVIS

NEVADA

HISTORY OF MINING IN NEVADA

317

e" on a likely looking ledge of Mine). He was too shiftless. Better fortune overtook the Laughlin and Peter O'Riley. In June, 1859, prospected the ced his scrap of paper. They and the quantity of "whitish" led to a realization of the value scene just as they are cleaning. By boldly "bluffing" them he at this time the "black sand" was discovered to be a silver ore, assayed a small bit of black ore from Gold Canyon and "finger specimen" whispered in turn whispered the secret of the Washoe region. Dame stable men, and long before "whisper" had become a roar, red the minds and hearts of which may be said to have

has touched now here, now ing its wake came the pros- business man, promoter and ver has rewarded the efforts

own, Eliot Lord and Charles stock, and the story of many. The story of the present day nt. I propose to take up the the life of the mining camps, elopment of the industry are the hands of historians, and be given.

1859 to 1864 may be called and litigation. It might also

be termed a period of experimentation in ore-treatment processes and mill building. From 1864 to 1868 may be considered as a period of reaction resulting from the intense excitement and litigation of the first period. Consolidation of mining claims and mills, systematic working, and deep development mark the period from 1868 to 1886. A reaction and depression in mining characterizes the fourteen years from 1886 to 1900. From 1900 to 1913 marks the rejuvenation of mining in Nevada. During the whole time mining continued, but the first, third and last periods mark periods of prosperity and crests in the mining wave, while the intervening periods mark the troughs or periods of depression. The stream of bullion production never ceased, although it reached a maximum during the prosperous periods, and fell to a trickle during the periods of reaction. Various estimates have been made of the total bullion production of Nevada, and one of these gives the bullion production of Nevada up to and including 1908, as \$770,314,439. This does not include copper, lead or zinc.

The first period marked the rapid development of the surface leads of the Comstock, the construction of mills, the building of roads and the City of Virginia. In 1864 a bullion production of \$16,000,000 was made by the Comstock mines. Prospectors spread out over the State and the search for another Comstock caused many other mines and districts to be discovered. Mining litigation, arising out of the uncertainty of the titles and boundaries of the early claims and the cupidity of the claim owners, characterized the years from 1860 to 1866. Ten million dollars were spent in almost endless litigation during this time. The fashion for litigation became fastened upon the mining communities of the west, and to this day it still continues, although litigants of the present day more often compromise their difficulties out of court. The exhaustion of the ore bodies first discovered, troubles with water encountered in the mines, and a stock panic in San Francisco, combined with the interminable litigation, soon caused a temporary set-back to the Comstock. Shrewd men saw the combination of interests and the securing of sufficient capital to properly equip and work the mines was necessary if successful mining was to be carried on.

The period which followed was one of readjustment. William Sharon appeared upon the scene and as representative of the Bank of California became an active participant in mining affairs. He acquired control of

a number of mills, and formed the Union Mill and Mining Company. Associated with him were D. O. Mills, Alvinza Hayward, Thomas Sunderland, W. C. Ralston, Charles Bonner, Thomas Bell and William E. Barron. Through the control of the mines they were able to provide their mills with ores, and by making favorable contracts with themselves they secured large profits. The organization, known as the Bank of California ring, continued to exercise a dominating position in Comstock affairs well into the next period. Sharon organized and constructed the Virginia and Truckee Railroad between Carson and Virginia. Adölf Sutro conceived the idea of a drain tunnel and in spite of the active opposition of the Bank of California interests he successfully started the tunnel and pushed it to completion in the next period. Discoveries of ore in the Hale and Norcross, Chollar-Potosi and Yellow Jacket sustained the stock market for a while, but towards the close of this period Comstock affairs were depressed.

The next period was one of great expansion. The first few years were years of uncertainty. No dividends were being paid and no new discoveries had been made. With the discovery of the ore body in the Kentuck mine in 1871 by John P. Jones, a healthier tone supplanted the pessimism. The discovery of this ore body signalized the entry of a new controlling interest in Comstock affairs, the alliance between Alvinza Hayward and Jones. They founded the Nevada Mill and Mining Company and successfully competed with the Sharon interests. About the beginning of this period John W. Mackay and James G. Fair became associated in the Hale and Norcross. Their successful work encouraged them to undertake the opening of the ground between the Gould and Curry and the Ophir. This strip was 1,500 feet long and between mines which had steadily produced. Some development had been attempted but with discouraging results. Mackay, Fair, O'Brien and Flood, after carefully clearing up the title, acquired control of this strip and began active work to find an ore body. Through the persistence of Fair, ore was at last discovered in 1873 upon Con Virginia ground. The discovery came none too soon as the treasury of the Con Virginia was nearly empty. Rapid work upon the ore body soon gave some idea of its great extent and richness. A bonanza had been struck and it was "the big bonanza." The four men associated in this third controlling and new combination were known as the four bonanza kings. They

quickly acquired the bullion production steadily increased 1877. The discovery shafts were projected heavier machinery the Sutro Tunnel in of the mines through many of the mines installations of practically destroy the suspension of temporary difficulties merrily on. In 1878 \$119,699,730. By immense flow of higher lower workings of Confidence and In practically abandoned at this point. The heat and water increased below the. The miners returned had been left in the end in sight mines. Bullion produced

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CHAPTER XVIII.

COMSTOCK MILLING MONOPOLY.

BY SAM P. DAVIS.

After the first rush to the Comstock, miners found themselves with accumulations of rich ore and no machinery at hand to extract the values. To meet the demand the "patios process" was first utilized. It was the most primitive of methods. The ore was placed in a pit and crushed beneath the feet of a drove of mules. Where ore ran into the thousands the miners felt that they could not wait for machinery, and it is said that in some instances the hoofs of the poor animals were worn almost to the fetlock stamping the ore to a pulp preparatory to having it treated with quicksilver. The charge for this work was \$20 a ton as an average, but at times it went higher, depending somewhat upon the richness of the ore and the anxiety of the owner to convert it into money.

Next came the Mexican *arastra*, with a stone dragged over the ore to crush it, and later the large, heavy wheel moved round in a circular box containing the ore, which was crushed beneath the wheel. The profits in treating ore were enormous, and presently mills sprang up on the Comstock on all sides and several earned as high as \$1,000 a day net profit.

The scarcity of reduction works and the high prices paid for crushing ore, in the early days on the lode, tempted many men of moderate fortune to build what were known as custom mills—that is, independently of any ownership or control of mines, but to do work for such mining companies as might choose to patronize them. Owing to the excessive cost of nearly everything, most of these parties had exhausted their means before the mills were completed and were forced to borrow. From the time of the establishment of its agency in Virginia City, in 1863, the Bank of California had stood ready to accommodate them, at a high rate of interest, to an amount of from one-sixth to one-tenth of the value of the property. There does not appear to have been any ulterior motive in these loans at

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COMSTOCK MILLING MONOPOLY

413

the start. It was strictly in the line of legitimate banking business, with a view to developing the mining industry.

But this innocent and benevolent phase of affairs was soon changed. The extraordinary decline of the ore yield in 1865-6 brought most of the independent mill owners to hard straits, and the bank began foreclosing and taking in the mills at the mortgage rate. At a first glance it may look as if the bank was getting the worst of it by being compelled to take over a lot of non-paying properties; but there is a vast difference between ownership without a pull and ownership with a dead sure one. And there is where the iniquity began. If the scheme had not been thought of before, the acquisition of these mills suggested a plan by which the whole Comstock lode could be squeezed like a lemon. The operation was not to be for the benefit of the stockholders in general, but only for those who became familiarly known as the Bank Ring. Early in 1867, the Union Mill and Mining Company was incorporated to relieve the Bank of California, at cost, of the seven mills which had fallen into its hands up to that date. The charter members were D. O. Mills, William Sharon, W. C. Ralston, Alvinza Hayward, Thomas Sunderland, Charles Bonner, Thomas Bell and William E. Barron.

Perhaps others were interested, but if so it was unnecessary, for that list represented the control of the Bank of California, and the bank at that time practically controlled every producing mine on the Comstock. The working of the scheme can readily be inferred. The seven mills of the new company were fed to their utmost capacity while the outside mills were starved. Independent mill owners offered to reduce ore and return as high a percentage of its assay value at one-half the price charged by the company, but not a pound of rock could they get to crush. So inexorably was this policy pursued that within two years ten more mills fell into the hands of the cormorant company at a mere fraction of their cost.

But the freezing out of independent mill owners was not the greatest wrong of which the Union Mill and Mining Company was guilty. At times, and especially as the number increased, the company found it difficult to get enough pay ore to keep all its mills running. Then the plant superintendents of the mines under its control were instructed to mix waste rock with the ore, and to such an extent was this method practised that some of the largest and richest deposits were exhausted without ever paying more than the expense of mining and milling, and in some cases the stock-

holders were actually assessed to make up the deficit in working a body of rich ore.

In addition to this deliberate robbery, the power to thus regulate the net yield of mines was used as a means to milk the stock market. A showing would be made sufficiently promising to key up prices and tempt investors, and then down would go the returns, and purchasers would be caught as in a trap. Everybody was at the mercy of the unscrupulous combine. So powerful was it and so complete its hold upon the Comstock that people despaired of ever escaping from its relentless grasp. Yet, thanks to a few bold insurgents, this monster monopoly in a few years went to pieces like a house of cards.

The insurgents were men comparatively unknown at the outset, but their names became familiar enough before long. John W. Mackay and James G. Fair were the first to raise the standard of revolt. They had been on the Comstock since 1860, and knew the lode from one end to the other. After working for some years as a common miner, Mackay had become superintendent of the Caledonia and afterwards of the Bullion mine, while Fair was given the superintendency of the Ophir in 1866. By a code of courtesy always recognized on the Comstock, the superintendent of a mine was allowed access to any other mine he might desire to inspect.

Availing themselves of this privilege, Fair and Mackay kept close watch of the progress of mining affairs all along the lode, and particularly of the development of an ore body in the Hale and Norcross. So satisfied were they of its value that they determined to gain control of the mine. But they could raise only \$160,000 between them—Mackay \$120,000 and Fair \$40,000. To get more capital, as well as assistance in handling the market end of the project, they laid the plan before two old friends—James C. Flood and William S. O'Brien—who were keeping the Auction Lunch saloon in San Francisco. Flood and O'Brien thought favorably of the venture and put all the money they had—\$60,000—into it. Thus, with a combined capital of only \$220,000, but which was soon to swell to almost as many millions, these first obscure insurgents went up against the giant Union Mill and Mining Company.

Their first attempt to secure control of Hale and Norcross, in 1868, did not succeed, though they came so close to winning that the Bank Ring was forced to pay \$7,100 a share for the few outstanding shares that decided the contest. But they held to their purpose, and when in a few months

the stock fell to ensure their success in 1869, after he walked over to patronizingly:

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the stock fell to the neighborhood of \$40, they picked enough of it up to ensure their success at the next election. At a meeting of stockholders in 1869, after Mackay's party had elected its board of trustees, Sharon walked over to where he was sitting, congratulated him, and then said, patronizingly:

"Of course, Mackay, all you care about is the glory of winning the fight. You don't know anything about managing a big mine, and you have no facilities for working the ore. We are willing to take all the trouble off your hands and keep right on with the management."

Mackay thanked him, but said he would try to learn what he didn't know about running a mine, and that he thought the new management could get along without help. And it did. A pending assessment was rescinded, and the Hale and Norcross straightway began paying dividends, which were continued until the ore body was worked out.

That was the first thrust at the Union Mill and Mining Company. It was annoying and provoking, but the Bank Ring seemed to regard it as an impertinence rather than a menace, and went right along on its high-handed way, little dreaming that it should eventually receive a fatal stroke from the same quarter.

The next was a harder hit—treacherously dealt, it was claimed, by one of its own members. Crown Point had been one of the best yielding mines on the lead, but with the walling-up of nearly all that remained of the ore body to confine the great fire of 1869, its productiveness came to an end, and in the course of a year the stock fell to as low as \$2 a share, and was a drug on the market at that. In 1870 a slight prospect was struck on a lower level. It disclosed itself with an exasperating irregularity, presenting a promising appearance one week and almost vanishing the next. But John P. Jones, the superintendent, felt an unfaltering faith in it. He had no money himself, but he had what was just as good—a fast friend who was a moneyed man. Alvinza Hayward, whom he succeeded in inspiring with his own enthusiasm regarding the prospective development and inducing him to buy the stock on joint account. Hayward picked up nearly 5,000 shares at an average of about \$5, and as the stock began to soar he bought 1,000 more shares from Charley Low at from \$90 to \$180. This was in May, 1871. The company election was near at hand. There were but 12,000 shares in the mine, and it was known that Hayward already had nearly one-half of the stock.

Sharon, as the representative of the Union Mill and Mining Company, had 4,100 shares, and it was up to him to decide whether a fight should be made for enough more to control the election. Bitterness of feeling, engendered by Hayward's course, turned the scale. Thinking the chances were that the development would not prove so very great or rich after all, Sharon resolved to break Hayward's back by unloading the 4,100 shares of stock on him at a high figure; so he offered them to him for \$1,400,000—a little over \$340 a share—and to his surprise Hayward at once accepted and drew a check for the amount.

It wasn't merely that the ore body developed in Crown Point was so big and high grade as to send the stock to \$1,825 a share that proved to Sharon and his associates the folly of having sacrificed their stock and lost control of the mine without a contest. Instead of breaking Hayward's back, their false step had gone a long way toward breaking their own; for from that development sprang a formidable rival, the Nevada Mill and Mining Company, while the prestige of it temporarily sidetracked Sharon's political aspirations and sent John P. Jones to the United States Senate.

But the stroke which should forever destroy the power of the Union Mill and Mining Company and leave scarcely more than a memory of it on the Comstock was yet to come. With the exception of two or three tunnels that pierced the lode at barren points, the ground between the Ophir and the Gould and Curry had for many years lain unprospected. In 1867 the Virginia Consolidated Mining Company was organized by the Bank Ring and acquired that part of it known as the White and Murphy and the Dick Sides claims. The work of sinking a shaft and prospecting the different levels was carried on for several years without disclosing anything but a few scattered seams of ore. The stock, of which there were only 10,800 shares, dropped as low as \$2 in 1871. So discouraging was the outlook that the management became careless of its tenure, and Fair, Mackay, Flood and O'Brien quietly obtained control of the mine.

The members of the Union Mill and Mining Company did not regard it as much of a loss at the time, but when the big bonanza was struck soon afterwards they discovered too late that they had not only thrown away the richest prize ever found on the Comstock, but had lost the mastery of the lode and become a third-rate power, for thereafter it was only by the tolerance of the two great insurgent combinations that they were able to retain control of any mine.

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CHAPTER XIX.

CONTROL OF THE COMSTOCK.

By SAM P. DAVIS.

The titanic struggle which was enacted on the Comstock for the control of the hundreds of millions which was the stake of the contest was the fiercest and bitterest ever enacted on the coast.

It was a battle to the death between the Bank of California and its branch interests and the Bonanza firm.

The uncovering of the rich ore bodies in Con Virginia and California resulted in frenzied saturnalia of stock gambling which created an interest throughout the civilized globe.

At one time the shares in those mines had actually been used to paper miners' cabins and were kicking about or stored in old trunks and it is said that some were sold at 15 cents a share.

After the discovery of the Bonanza, the existence of which was kept secret as long as possible, the stock began to soar and to check the rise a stock dividend of five shares for one was declared and these shares went to \$800 which means that the original shares were worth \$4,000 per share.

As the Bonanza firm held the control they found money pouring in beyond their wildest dreams and they started the Nevada Bank which was practically built on the ruins of the once financial Gibraltar of the Coast, the Bank of California.

Naturally there was a good deal of bad blood between the rival concerns. Sharon for a time held the entire Bonanza crowd in contempt and once said that Flood and O'Brien were nothing but bit whisky sellers,—alluding to the saloon they once owned on the city front in San Francisco—and that he would make John Mackay pack his blankets over the Giger Grade.

Flood retorted that he would some day sell bit whisky over the counter of the Bank of California, and Mackay said that he was able to pack his blankets over any grade and had often done so but that Sharon could

not pack a pair of blankets two hundred yards without stopping to rest.

Subsequently the Bonanza firm acquired a line of heavy liabilities against the Bank of California and engineered a stock deal that caught them napping and closed it down.

The public had always regarded the Bank of California as a speculative institution which frequently strayed beyond the bounds of safe banking and when the bank closed its doors the street said that it had "turned down its box," employing the phrase which sports use when a faro game reaches the limit of its cash reserves.

Nothing ever equalled in excitement that caused by the failure of the Bank of California.

When the word went out that the great banking institution had closed its doors a frenzied mob took possession of the space on California street bounded by Montgomery and Sansome and all the police reserves were called into requisition to hold the howling depositors in check.

The Bonanza firm took possession of the bank and O'Brien, who had threatened to sell whisky over the bank's counter was there to make good his boast. He planted a wicker demijohn on the counter and set out some glasses. John Mackay, who was a man of liberal horse sense, grabbed his partner by the collar and hurled him away from the counter into another room and sent the demijohn and bar glasses after him.

"The mob will come in here and hang us all if you start that foolishness," shouted Mackay, and O'Brien subsided.

That night the city was practically under martial law. Troops guarded the newspaper offices, especially the *Bulletin*, and extra editions of the morning papers were issued every half hour.

They were filled with the most sensational rumors of this or that prominent financier having killed some other financier by shooting him down on the streets.

The next thing to startle the city was the finding of Ralston's body washed ashore at North Beach. He had gone down to the beach to take his daily plunge in the sea and had on his bathing suit.

It was regarded as a suicide, but opinions differed and differ to this day. Ralston had been the leading financial genius of the coast and the collapse of the Bank of California, whose destinies he had guided so long, was regarded as more than his pride could bear.

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Sharon stepped into the breach with his private fortune and rehabilitated the bank but it never again could compete with the Bank of Nevada that had the wealth of the Comstock behind it. With the failure of the Bank of California the Bonanza firm's conquest of the Comstock was complete.

It was at all times a grim battle with no quarter asked or given on either side. John Mackay was the chief of the Bonanza forces and his aggressive tactics and good generalship won the day. Mackay was a man who never boasted, never resorted to underhanded work and always fought in the open.

He was known as the "silent fighter" and was always a leonic figure in the history of the Comstock. Where it had been Sharon's policy to job the stockholders and rob the public through assessments and stock deals, John Mackay ran a mine as he would his own private business. He gloried in making mines under his management pay dividends and respected the rights of the smallest stockholder.

After he assumed control of the Bonanza mines he visited the lower levels every day rising at five in the morning to see that every man was at his post. He found the freight charges on the V. & T. R. R. Sharons road, grossly out of proportion to the service rendered, and called upon the management for a reduction of freight charges. At first they declined to make any change when Mackay quietly stated that if the charges were not reduced by the first of the month he would build a railroad of his own.

The management of the railroad saw their way at once to make the reduction for they knew that when Mackay said a thing he meant every word of it.

CHAPTER XXVI.

BANKING.

BY W. H. BLAUVELT.

Banking was inaugurated in Nevada at Virginia, by "Wells, Fargo & Co. Express and Banking Company" (was the form then used to head their advertisements) A. D. 1860. Captain Simmons, who had been the agent and manager of the Wells Fargo Co. Corporation at Sacramento City, California, during previous years, was transferred to Virginia in the year 1860 to add banking to their previously conducted express business at that geographical point of the earth. The bank at Virginia was not permitted to make loans of money, excepting to grant advances on bullion deposited for shipment to the United States Mint at San Francisco, or to the San Francisco Refinery; but they received deposits, sold exchange, and discounted drafts drawn by mining companies then in good standing, financially, with the banking world, and had opened accounts with the bullion producing mines.

In the year 1861, J. W. Stateler and N. O. Arrington—firm name Stateler & Arrington—established a bank at Virginia, and loaned money at ten per cent. a month upon all kinds of securities; and it was said of them that their business was more in form of pawnbroking than of banking; but the Gould & Curry Mining Company, then the largest and most active bank account in Nevada, did all of their banking business with Stateler & Arrington.

During the year 1862—John A. Paxton (formerly of the firm of Decker, Jewett & Paxton—bankers, at Marysville, California)—and W. B. Thornburg (Paxton & Thornburg) established a banking house at Virginia; the same year (1862) Howard & Sanchez founded a bank at Aurora (Esmeralda County, Nevada). Aurora was at that time a rapidly growing town, the leading mine "Real Del Monte," was regarded to be of stupendous value, and a half hundred other mines were believed to be of great value. More than a dozen expensive quartz mills had been built,

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Early in the year 1862, B. F. Hastings was at Sacramento City,

who had one-fourth of the bank, was the Hunt (who came from J. Torbert. Every branch of the B. F. I

Late in the year 1862, B. F. Hastings established a branch of the bank at Sacramento City (River), and after P. (say 1868) and the bank to Hamilton, W. business a year to two engaged in banking. syndicate of citizens Bank of Eureka.

Early in 1862, H. G. Maynard. He had previously been at Gold Hill. In the latter part of H. G. Maynard's two years, when J. W. Stateler was a trusted employee in the bank. After having occupied the position, he was proven to be defaulter and was committed to imprisonment for six months. He was given to Joseph Donohue, who had for many years been a partner in the bank, of excellence, and a high

or were in process of construction. Large assays from ore were obtained; the promise was grand; the fulfillment—never. No large bodies of ore were found. Mining and milling men had deceived themselves, and were ruined. Property became valueless, and the bank was closed in 1865.

Early in the year of 1863, Arnold & Blauvelt established a bank at Virginia, and a month or two later in the same year, the bank of B. F. Hastings & Co. was opened for business.

B. F. Hastings was for more than a dozen years a successful banker at Sacramento City, California, and never lived at Virginia. A. K. Grim, who had one-fourth interest in the Virginia branch of the B. F. Hastings' bank, was the Virginia manager, and had for assistants J. W. L. Hunt (who came from the Hastings bank at Sacramento), and Charles J. Torbert. Everyone connected with the Sacramento and Virginia branch of the B. F. Hastings banks died years ago.

Late in the year 1863—or early in 1864—Paxton & Thornburgh established a branch of their bank at Austin (usually spoken of as "Reese River"), and after Paxton & Thornburgh closed their bank at Virginia (say 1868) and the firm was dissolved—Paxton removed the Austin bank to Hamilton, White Pine County—where he conducted a banking business a year or two, and then removed to Eureka, Nevada, and there engaged in banking. After some years he disposed of his bank to a syndicate of citizens who continued the business in the name of The Bank of Eureka.

Early in 1862, H. G. Maynard opened a bank at Gold Hill, Nevada. He had previously been the agent of Wells Fargo & Co. express at Gold Hill. In the latter part of same year, J. W. Flood became a partner of H. G. Maynard. Maynard & Flood continued in business about two years, when J. W. Flood went to San Francisco, where he became a trusted employee in the banking house of Donohoe, Kelley & Co. After having occupied that position for a number of years, he was proven to be defaulter for a large amount of money, and was sentenced to imprisonment for six years. It was currently reported that the shock given to Joseph Donohoe through the defalcation of J. W. Flood, who had for many years been regarded by Donohoe to be a man of rare excellence, and a highly esteemed friend, caused the death of Donohoe,

who died a very short time after Flood had been sentenced to State prison. The business of Maynard & Flood at Gold Hill was continued by H. H. Flagg. Maynard had retired a rich man, with more than \$100,000 in bonds, and \$1,800 per month in rents from his Gold Hill property being collected by H. H. Flagg and remitted to him in Boston, Massachusetts, where he had bought a dwelling on Tremont street, in which with his family, he abode. About the year 1872 Maynard returned to Gold Hill, and reported that his Boston life had been financially disastrous.

A short time after the return of Maynard to Gold Hill the bank of H. H. Flagg failed. Trustees were appointed and they succeeded in paying the creditors about sixty cents on the dollar.

Maynard formed a copartnership with R. N. Graves—firm name Graves, Maynard & Co., and the bank was reopened. H. K. Mitchell was the silent partner. The business was not successful and ended in about two years after it was inaugurated. The building that had been a bank during all of the early years of Gold Hill's existence became a saloon named The Bank Exchange. Maynard became a very poor man; his last employment was watchman at an idle hoisting works between Washoe Valley and Steamboat Springs, where he became ill; was removed to the county hospital at Reno, where he died.

During 1862 Almarin B. Paul, D. L. Bliss and W. H. Baker formed a copartnership, firm name being Almarin B. Paul & Co., and established a banking house at Gold Hill that continued to exist until May 1, 1865. During 1862 E. Ruhling and H. V. S. McCullough, who had previously conducted the business of assaying, added banking, and "E. Ruhling & Co., bankers and assayers," was signed to their advertisements; about five years later they ceased to conduct banking business, but continued the assaying business for some years afterward, during which time they established a branch of their assaying business at Gold Hill that was conducted by H. V. S. McCullough.

About July, 1863, James H. Latham, who had been the agent of the Wells Fargo & Co. banking and express business at Sacramento, Cal. (he had succeeded Captain Simmons), came to Virginia as agent of Wells Fargo & Co. and P. D. Hedley, who had succeeded Captain Simmons as the Virginia agent of the house a year or two previously,

became the agent & Co. at Gold Hill. Latham's house of Wells Fargo & Co.

During August for the purpose. Every banker in ciation. Although vote. The first month as the ra James H. Latham's that he had nish required co cent. per month close of each mo should be the or then established. upon the charge San Francisco, the silver from market, where it of London bank San Francisco t for each one hun the bullion bars. "Pioneer Line" railway east of daily stages of To obtain a seat pay for) passag busy, and it wa could hardly di and fineness of stages coming to Express robbers

became the agent of the banking and expressing business of Wells Fargo & Co. at Gold Hill. Homer S. King, who had been a clerk in the Sacramento house of Wells Fargo & Co. for years, came to Virginia with James H. Latham to act the part of cashier of the banking department of Wells Fargo & Co.

During August, 1863, a bankers' association was formed at Virginia for the purpose of establishing uniform methods of conducting business. Every banker in Virginia and Gold Hill became a member of the association. Although all were members, each firm was entitled to only one vote. The first business transacted was to establish 5 per cent. per month as the rate of interest to be charged on all loans and discounts. James H. Latham, the agent of Wells Fargo & Co., stated to the members that he had a contract with the Mexican Mining Company to furnish required coin during each midmonth operations at the rate of 3 per cent. per month; all of these coin advances were repaid in full at the close of each month's business. It was unanimously voted that contract should be the only exception to the 5 per cent. per month rule that was then established. The rate of discount on bullion was based entirely upon the charges of Wells Fargo & Co. for transferring the metal to San Francisco, the charges of the San Francisco Refinery for parting the silver from the gold, the value of refined silver in San Francisco market, where it was in demand for shipment to East India for account of London bankers and the express charge for transferring coin from San Francisco to the Comstock Lode. The latter charge was \$1.12½ for each one hundred dollars. The bullion rate varied with the fineness of the bullion bars. There was a weight-charge plus a value charge. The "Pioneer Line of Stages" carried all express matter. There was no railway east of Folsom (22 miles east of Sacramento City). The three daily stages of the "Pioneer Line" were always filled with passengers. To obtain a seat in their coaches it was often necessary to engage (and pay for) passage three or four days in advance. Stage robbers were busy, and it was gold coin that they wanted, not silver bars, that they could hardly dispose of without being detected, as records of weight and fineness of each and every bar were numerous; hence it was always stages coming to Nevada (not going from Nevada) that were robbed. Express robbers had emissaries to inform them when the treasure-box

upon the stage was heavy. The express company endeavored to send the smallest amounts practicable daily; but the daily transfer of coin from San Francisco was of considerable amount. The largest sum remembered that was stolen at one time by the robbers was \$30,000. Suspects were arrested, but as robbers were always masked, conviction seemed impossible. No conviction of a stage-robber is now remembered. In consequence of robberies it is doubtful (notwithstanding the $1\frac{1}{8}$ per cent. charge, it is now four-tenths of 1 per cent.) whether there was any profit accrued to the express company through transmission of coin during the stage-coach era.

The profit of bankers consisted not in discounting the drafts that were drawn on San Francisco by all operating mining companies and others, but in receiving coin in exchange for drafts, bills of exchange and checks sold by all of the banks at par. The receipt of this coin reduced the amount upon which they had to pay the express company for bringing coin from San Francisco. Where went all of the hundreds of thousands of dollars brought to the banks each and every month is a question that has never been answered. It is known that coin was buried, as it often came to banks with dirt accompanying it, when owner was departing to "pastures new" and believed that a bank-check was a safer method of transportation than carrying the coin could be. He had to pay no premium; but the money carried away in pockets of owners and the money that was long buried would seem to be but a small proportion of the monthly sums that were expressed from San Francisco to Virginia during the sixties and seventies of the past century. About the beginning of the summer of 1864 Stateler & Arrington failed, although they were really solvent. Arrington had become a votary to intemperance (a year or two later his wife obtained a divorce from him in San Francisco on the grounds of habitual intemperance) and Stateler (who was a conceited and unscrupulous man) completely dominated Arrington. The San Francisco account of Stateler & Arrington was with the Bank of California, where they had the privilege of overdrawing their account near the first of each month in order to be prepared for furnishing large amounts of coin used by mining companies (particularly by the Gould & Curry Mining Company that had an army of employees and large sums to be monthly paid for mine supplies,

wood mining bank of State. These overdrafts promptly paid companies, that were in business in San Francisco. stock mining banking account men would name Wells Fargo bank at Virginia on their drafts $1\frac{1}{8}$ per cent. Coin was necessary of transfer. Stateler than had been Bank of California usual; a day, the of California of California that went to from Wells Fargo bank; he sought creditors were, say, \$20,000. more behind creditors through became United California to geton wreck. We gages, promises of their claim. Wells Fargo & Arrington bank, that in the end

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wood mining timbers; etc., and who obtained all of their coin from the bank of Stateler & Arrington) during the first ten days of each month. These overdrafts made upon the Bank of California had always been promptly paid through remitting drafts drawn upon the mining companies, that were all California corporations with principal place of business in San Francisco, by the superintendents. Nearly all of the Comstock mining companies, with head offices in San Francisco, kept their banking account with the Bank of California. What right-thinking men would name to be dishonesty, Stateler would call "shrewdness."

Wells Fargo, who had a large certificate of deposit account in their bank at Virginia, had always advanced the coin to Stateler & Arrington on their drafts drawn on the Bank of California less the express charge, 1½ per cent., for transferring coin from San Francisco to Virginia. Coin was necessarily three days en route between the above-named points of transfer. Say, June, 1864, Stateler & Arrington, a day or two earlier than had been their aforetime custom, had their drafts drawn on the Bank of California cashed for a sum somewhat larger than had been usual; a day, two or three, they again had a draft drawn on the Bank of California cashed by Wells Fargo & Co., say, \$20,000. The Bank of California paid the first draft, but refused to pay the second draft that went to protest. Stateler used the money that he had obtained from Wells Fargo & Co. to pay all depositors who had money in his bank; he sought them industriously to make payment. The only unpaid creditors were Bank of California, say, \$30,000, and Wells Fargo & Co., say, \$20,000. Nevada was a territory with United States courts a year or more behind in court cases, hence nothing could be gained by the creditors through the courts. William Sharon (who years afterward became United States Senator) was the representative of the Bank of California to gather what could be gained from the Stateler & Arrington wreck. Wells Fargo & Co. had to accept deeds for property, mortgages, promissory notes in hands of Stateler & Arrington in payment of their claim. William Sharon, who reached the scene a day after Wells Fargo & Co., had sifted the securities held by the Stateler & Arrington bank, had second choice, but chose wisely, and it is believed that in the end the Bank of California recovered nearly the entire

amount of their claims, but a long time was required to accomplish that end.

Wm. Sharon, during his stay of several weeks at Virginia in making settlements, and money realizations upon the gatherings from the closed bank, conceived that it would be profitable to the Bank of California to establish an agency at Virginia, Nevada, and succeeded in causing the officers of the bank to instruct him to immediately found a bank agency at Virginia. Arnold & Blauvelt, who through mortgages, were practical owners of the large bank building occupied by them, and best located as well as best adapted for business of banking of all buildings in the town, were interviewed by Wm. Sharon, who desired to take the building and the business, good will, and service of junior partner. Arnold & Blauvelt believed that the agency, when established, would render business of other banks to be unprofitable, hence the agency was established September, 1864, and continues to the present day, having been for more than a dozen years the only bank on the Comstock Lode, where during the years 1863 and 1864 were eight banks, viz., five in Virginia, and three at Gold Hill. Late in the year 1864, or early in the year 1865, J. W. Stateler, in company with a stranger named Meyer, firm name Stateler & Meyer, reopened a bank at the old stand of Stateler & Arrington. Stateler had the temerity to believe that depositors would flock to the new bank, because he had acted so honorably in paying depositors all of their money before it was known that the bank of Stateler & Arrington would fail. Stateler believed that Gould & Curry and other mining companies would reopen their accounts with his new bank. The bank was ignored, and after a few months was closed. Early in the year of 1865, the Bank of California determined to establish an agency at Gold Hill; and soon afterward arranged with Almarin B. Paul & Co. to lease the banking house they were occupying. On the first day of May, 1865, the agency of the Bank of California was opened at Gold Hill with W. H. Blauvelt as cashier in charge. During the following month of July the bank removed to a better building, better lighted, and better located. There it continued the business more than fourteen years. In the year 1879 in view of the fact that business on the Comstock Lode had materially decreased in volume, the officers of the bank concluded that the expense of maintaining two agencies in juxtaposition was no longer de-

sirable; hence during the transferred to the agency poration, consisting of eight ing in the building vacated Gold Hill. The title of the Gold Hill. This bank ceased during the month. There been no bank at Gold Hill. Bank of San Francisco, King, agent. This bank ceased to be. While the from the summit of the Si of workmen were employed work, keep the time of workmen their monthly stipends checks were drawn on the sent to "bosses of the gang" signed the payrolls when came buyer of these checks that his terms of discount hundreds of laborers within during the year 1868 he in established a bank at Reno. The bank of D. A. Bend County Bank at Reno that was the largest stockholder & Co. ceased to do a bank City, Nevada, Wells Fargo ers during the first quarter Nevada.

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...sirable; hence during the summer of 1879, the business of Gold Hill was transferred to the agency of the Bank of California at Virginia. A corporation, consisting of eight shareholders, was formed to conduct banking in the building vacated by the agency of the Bank of California at Gold Hill. The title of the newly formed corporation was the Bank of Gold Hill. This bank continued in business more than seven years, and ceased during the month of December, 1886; since that date there has been no bank at Gold Hill, Nevada. During the year 1877 the Nevada Bank of San Francisco established an agency at Virginia, George A. King, agent. This bank continued in business nearly twenty years, when it ceased to be. While the Central Pacific Railroad was being built west from the summit of the Sierra Nevada, say 1867, 1868, 1869, many gangs of workmen were employed, and each gang had a "boss" to direct the work, keep the time of workmen, etc. To pay these several hundreds of men their monthly stipends in coin would have been impracticable; hence checks were drawn on the corporation payable in Sacramento City, and sent to "bosses of the gangs," who distributed them to the laborers, who signed the payrolls when they received their check. D. A. Bender became buyer of these checks (as laborers wanted coin), and it was said that his terms of discount were a dollar for each check. There being hundreds of laborers within his scope, his monthly profits were large; and during the year 1868 he in company with his brother, Charles T. Bender, established a bank at Reno that was then a very young and small town. The bank of D. A. Bender afterward was merged into the Washoe County Bank at Reno that continues to the present day. D. A. Bender was the largest stockholder therein. About the year 1893, Wells Fargo & Co. ceased to do a banking business at Virginia, Nevada. At Carson City, Nevada, Wells Fargo & Co., H. F. Rice, agent, were the only bankers during the first quarter century of the existence of the State of Nevada.

The banking business was never very profitable in the State of Nevada. No large fortunes were made. Seeming sound securities, taken for loans, melted away so rapidly, that losses upon bank loans were very numerous. Personal security was very often disastrous. A borrower might be a rich man the day that he borrowed the money, and become bankrupt within thirty days thereafter.

Of all who were engaged in banking, as principals, agents, cashiers, accountants, or clerks, during the "sixties" of the last century in Virginia or at Gold Hill, three only are living. Of the thousands who came to the Comstock during the year 1863 in stages, on horseback and afoot, nine-tenths either died or went away poorer than when they came.

During the summer of 1866 the agent of "The Banking & Express" business of Wells Fargo & Co. at Gold Hill, Nevada, acknowledged a deficit of \$60,000 in cash of the bank; he had lost the money through buying mining shares during a falling market, confidently believing that values would enormously increase in the near future. As depreciation continued, he bought more and more, in order to lessen average cost of the whole number of "feet" that he had bought chiefly in the Ophir mine, that "tumbled" from more than \$3,000 per foot to less than \$300 per foot, gradually, but continuously. The ore body had really been exhausted, but the fact was not generally known; and to knowing ones it was believed that it would reappear at a little greater depth. It did not reappear. Wells Fargo concluded to abandon banking at Gold Hill, and the office of the express was given to the agency of the Bank of California, at Gold Hill, and W. H. Blauvelt was appointed to be the agent of the express, and continued to act as agent more than twenty years. Agency of the Nevada Bank of San Francisco at Virginia ceased business April, 1895. Virginia, Nevada. "There is no such place as Virginia City in Nevada. Virginia City is in Montana." The foregoing quotation has often been repeated by the early founders of Virginia, Nevada, who were determined that *City* should not be attached. The organic act incorporating the government of Virginia, emphatically declares the name of the corporate to be Virginia. Notwithstanding all preventatives that were used, the United States Post Office Department have attached *City* to their post-marking stamps. Wells Fargo did the same thing, and the great mass of people are not aware that it is a misnomer. Per contra, Carson City was incorporated, yet the whole world eliminates *City*, and says Carson.

On October 3rd, 1907, the State Bank and Trust Company at Carson City closed its doors, also its chain of branch agencies in Tonopah, Blair, Goldfield and Manhattan.

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der and Manhattan agencies. All the banks in the State closed tempo- rarily and to tide them along until they might be able to realize on their assets, Governor Sparks declared several legal holidays.

The State Bank and Trust Company attempted to induce its depositors to sign an agreement to allow it to open and by paying small monthly dividends gradually settle with its creditors. Over 95% of the depositors were willing, but the others taking legal advice refused, and the bank went into the hands of a receiver, where it still remains.

Many causes were named as contributing to the failure of the banks, but the main one was the loaning of money on mining stocks, always an uncertain asset. Beyond this might be counted the labor disturbances in Goldfield, which contributed to the general lamentable result. The fail- ure of the Bank Commission to investigate and close the insolvent banks caused bitter public criticism and a legislative investigation of Commis- sioners Douglas and Ryan followed, which gave little tangible results ex- cept to show that the Commissioners had State money in the Nye and Ormsby and that Ryan was one of the bondsmen of the Treasurer of Ormsby, which county had over \$20,000 in the bank which it never re- covered. The Nixon banks paid dollar for dollar. The State Bank and Trust Company is working out its salvation through its receiver. The Golden banks, since the death of Frank Golden, have been gradually set- tling with creditors through the heroic efforts of the widow, who insists that she will eventually meet every demand. Since her husband's death she has met claims aggregating over half a million.

All banking corporations in the State of Nevada are now operating under the law enacted by the Legislature and approved March 22, 1911, that created "The State Banking Board of Nevada," consisting of the Governor, who is chairman of the Board, and four additional members appointed by the Governor, also the State Bank Examiner, appointed by the Governor, who is secretary of the Board. The law regulating the formation of a bank corporation is explicit and stringent. Twenty-five thousand dollars, actual cash, is the smallest amount upon which a bank can be established, and at least three actual stockholders must constitute the board of directors of any bank. Every bank is required to make at least four reports each year, oftener if called upon, to the Bank Examiner. Each report must exhibit in detail, and under appropriate heads, the re-

sources and liabilities of such bank at the close of business on any past day specified by the Bank Examiner, and this report must be published in a newspaper in the county in which the bank is located. The State Banking Board has faithfully performed its duties and the conditions of each bank have been truthfully given to the public quarterly each year.

In addition to the agency of the Bank of California National Association, at Virginia, Nevada, the following banks are now engaged in business within the State:

		Capital.
Bank of Austin.....	Austin	\$60,000
Horton Banking Company.....	Battle Mountain.....	12,000
Lincoln County Bank.....	Caliente	10,000
Carson Valley Bank.....	Carson City.....	50,000
Henderson Banking Company.....	Elko	100,000
Churchill County Bank.....	Fallon	65,150
Douglas County Farmers' Bank.....	Gardnerville	25,000
John S. Cook & Company.....	Goldfield	250,000
First State Bank.....	Las Vegas.....	25,000
Lovelock Mercantile Banking Company.....	Lovelock	50,000
Mason Valley Bank—Incorporated.....	Mason	25,000
Quinn River Bank.....	McDermitt	19,000
Farmers' Bank of Carson Valley.....	Minden	25,000
Bank of Pioche.....	Pioche	25,000
Scheeline Banking and Trust Company.....	Reno	120,000
Washoe County Bank.....	Reno	500,000
Bank of Sparks.....	Sparks	25,000
Tonopah Banking Corporation.....	Tonopah	50,000
Bank of Wells.....	Wells	50,000
Lyon County Bank.....	Yerington	26,900
Bank of Nevada Savings and Trust Company.....	Reno	100,000

THE RENO CLEARING HOUSE ASSOCIATION was organized October 30, 1907, by the banks of Reno and Sparks, Nevada, for the purpose of effecting a more perfect and satisfactory settlement of the daily exchanges between them, and to secure uniformity of action in matters concerning them. The membership consists of the following institutions: Washoe County Bank, the Farmers & Merchants National Bank, the Nixon National Bank, Scheeline Banking & Trust Company, Bank of Sparks, Inc. (Sparks), Bank of Nevada Savings & Trust Company. The first officers were: F. M. Lee, president; R. Kirman, vice-president; Geo. H. Taylor, secretary; A. H. Howe, assistant secretary. During the financial difficulties of the year 1907, the association issued Clearing House Certificates, commonly known as "script," to the extent of \$123,800, which certificates were secured by bonds and collateral notes deposited by the members of the association, who in turn received a certain percentage of the amount of the bonds or secured notes which they deposited in certificates. These certificates were quite generally circulated in western Nevada and northern California and were considered the same as cash. Of the certificates issued there are still outstanding (February 1, 1913) \$210 of various denominations. Many of these are doubtless held as souvenirs and in all probability a good portion of them have been destroyed or lost. The yearly clearings of the City of Reno since

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